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New Zealand: Prime Minister Muldoon has dominated the New Zealand political scene since his party's spectacular election victory over two years ago. Aggressive and direct, he is without peer in his National Party, and his government enjoys a record parliamentary majority.

Muldoon's political focus has been on efforts to revive New Zealand's seriously depressed economy. He has had only limited success in reducing double-digit inflation and a heavy foreign trade deficit. Exports of wool, lamb, beef, and dairy products are the lifeblood of the New Zealand economy. The government has been engaged in a desperate and largely fruitless effort to maintain export levels in the face of reduced sales to the UK after London joined the Common Market and Japan balked at buying more New Zealand goods.

The ANZUS treaty with the US and Australia is the cornerstone of New Zealand's foreign policy. The neighboring South Pacific is its area of special interest. Accepting that its small size and remote location limit it to a minor role in world affairs, New Zealand sees the South Pacific as an area in which it can act for ANZUS in promoting stability along sea lanes and air routes vital to all three members.

Unabashedly anti-Soviet, Muldoon was in the forefront in sounding the alarm over Soviet stirrings in the South Pacific two years ago, when the Soviet Union tried unsuccessfully to entice Tonga and Western Samoa into permitting port facilities for its fishing fleet. Now, however, New Zealand is in the final stages of reaching an agreement with the Soviets to permit port calls for Soviet vessels licensed to fish in New Zealand's new 200-mile economic zone -- an agreement induced by Soviet promises of substantial purchases of agricultural products.

New Zealand has been heavily dependent for years on US strategic protection, and Muldoon has stressed this dependence more than have his predecessors. He has eased the occasional strains that the ANZUS alliance suffered during the preceding Labor government. Although second to none in his high regard for the US, Muldoon's characteristic bluntness has prompted him on occasion to voice his genuine concern that New Zealand's commitment to the ANZUS relationship is no longer reciprocated. He views US foreign policy as a legitimate, vital concern of his government, and he hopes the US will accept well-meaning criticism from time to time. Arguing that his country can be an effective ANZUS partner only if it is economically strong, Muldoon may make a pitch for an increase in New Zealand's already large exports to the US, particularly of beef.

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